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The

CREDIT WORLD

The Official Organ of the NATIONAL RETAIL CREDIT ASSOCIATION



Pointed Paragraphs

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There is a vanishing point to profits on Accounts Receivable.

Paid up customers buy more freely.

Prompt collections make quick turnover and reduce Bad Debt losses.

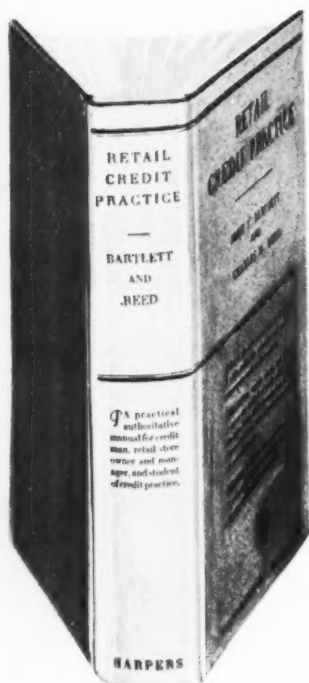
Complete knowledge of a customer can be secured only through the co-operation of all Retailers supporting a central Bureau or Clearing House for information.

VOL. XVII—No. 6

FEBRUARY 1929



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COVERING EVERY ANGLE
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MINIMUM 50 LOCATION Store A ARTICLE Card Bristol

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DATE QUANTITY DATE QUANTITY

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| YEAR | JAN. | FEB. | MAR. | APR. | MAY | JUNE | JULY | AUG. | SEPT. | OCT. | NOV. | DEC. | TOTAL |
|------|------|------|------|------|-----|------|------|------|-------|------|------|------|-------|
| 19 | | | | | | | | | | | | | |
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MONTHLY RECORD OF STOCK ON HAND AND ORDERS

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OF THE

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We Hitch Our Wagon to a Star



AT THE Kansas City Convention of the National Retail Credit Association, a special committee was appointed to consider ways and means to enlarge and promote the activities of your organization.

This committee met in St. Louis, January 14, 15, 16, and truly "Hitched their wagon to a star," by recommending for passage at the Nashville Convention, a plan which will increase our membership from 19,000 to 136,000, create Regional and District offices, and make the National Retail Credit Association the greatest commercial organization the world has ever seen.

This is not a visionary dream. It is a logical result of the growing importance of Retail Credit, and a recognition of the principles of sound merchandising and sales economics preached by the National Retail Credit Association for sixteen years.

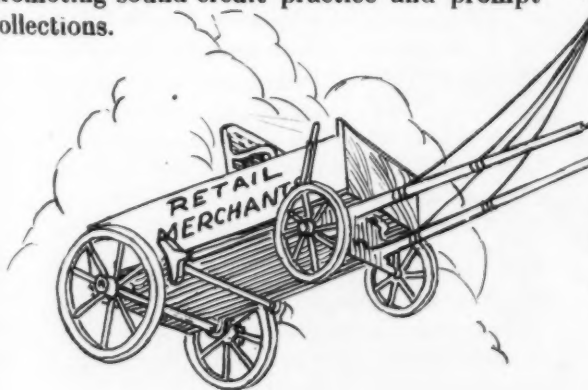
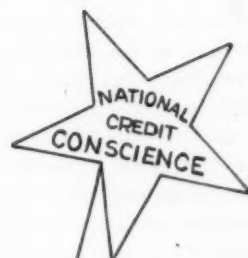
The policies and worth of the National Retail Credit Association have always been recognized by the most important and progressive Retailers, but our big problem has been to cause the small Retailer to visualize the value of National affiliation, even while he was enjoying the benefits of our efforts in promoting sound credit practice and prompt collections.

That our field is unlimited is evidenced by the fact there are one million, three hundred and thirteen thousand Retailers, all of whom, because of the increasing use of credit as a medium of exchange, will be called upon to grant Credit, if they would build their sales volume.

Our 1,000 Reporting Bureaus making up our Service Department serve 136,223 Merchants. Yet only 18,000 of these are contributing to the support of the National Retail Credit Association. Each member or subscriber to our Bureaus is interested in credit and reaping the benefit of the Nation's co-ordinated effort for sound Credit.

When we realize the great good that has come to the Retail interests of the country, because of our activities along Educational, Legislative, and Standardized system ideas, with the co-operation of our 18,000 members, surely an organization of 138,000 would be a realization of the dream of the builders; a force to create a community credit policy, and a National Credit Conscience.

The National Retail Credit Association has hitched its wagon to a star, and invite every Retailer to join in this nation wide movement. Present members should encourage others to join. Non-members should write at once to the National Headquarters. Let's all get in the wagon with onward and upward as our slogan.



D. J. Woodlock

The Selfish Side of Business

By JAMES H. MacLAFFERTY

I WANT to talk to you about the selfish side of your business. I mean to use the word selfish in its better sense—not meaning stingy, parsimonious, or anything else discreditable. I mean to speak of the things that pertain to your own welfare and to the welfare of those who are dear to you and dependent upon you.

In the right sense we are justified in being selfish. This is recognized in the old saying, "Self-preservation is the first law of nature." Anyone recognizes, for instance, that he has no right to ask another that he do a thing that injures him personally or that works to the disadvantage of those dependent upon him.

The Creator never showed his great wisdom to more advantage than when he made even a man's generosity dependent on selfishness. We give of our means or render other assistance more often because it pleases us to do so than because we have to do it whether we want to or not, and in that we are selfish.

Scripture tells us of a certain individual who gave of his substance because he wanted praise for doing it. A man may give large sums of money to a hospital or a college, or to some other cause, simply because it pleases him to do it. In fact, how many of you ever heard that "It is more blessed to give than to receive"?

So, when I talk to you credit men about the selfish side of your business, all I mean to do is to suggest procedure in your conduct that will increase your personal income and make you better providers for those dependent upon you, and, incidentally, more valuable to the business interests you represent. Perhaps, when the National Retail Credit Association requested the Department of Commerce, through the Bureau of Foreign and Domestic Commerce, of which the able and

An address delivered by Honorable James H. MacLafferty, Vice-President Pacific American Steamship Association and Shipowners' Association of the Pacific Coast, former Congressman from California, at a dinner given by the Wholesale and Retail Credit Managers of the City of Baltimore, in Baltimore, Maryland, on January 17, 1929.



HON. JAMES H. MacLAFFERTY

Mr. MacLafferty was a business man in San Francisco prior to being elected to the 67th and 68th Congresses—1922 to 1925. In March, 1925, he became an Assistant to the Honorable Herbert Hoover, then Secretary of Commerce, and continued to act in such capacity until September, 1927, when he resigned.

efficient Dr. Julius Klein is Director, to undertake the Retail Credit Survey, which is now under way, it was chiefly to advance the interests of the credit managers in properly conducting their departments that actuated this request. I am informed, however, that returns to date valuable as they are to the individual credit manager will be far greater to the nation.

The concern whose credits you handle may be selling lumber or coal or merchandise of some sort, and you must be, and doubtless are, always diligent in their interests. But the thing you are personally dealing in is your own time. *That* belongs to you and you have only a limited amount of it. There are just so many productive days in your life and you can't add to them beyond your allotted time. You are selling a part of each of these days. They belong to you. They are the merchandise in which you deal. When one day's time is sold and delivered to the purchaser, it can never be returned to you. These allotted days represent a stock of merchandise a merchant may have done up in packages and on his shelves and that cannot be replaced. Each package represents

a day in your life. The merchant is glad when business is good and prices are high, and he passes these packages cheerfully over the counter, seemingly forgetful that they can never be replaced.

But he must not forget that he can make only one profit on each package. Neither must you forget that you cannot make enough on the sale of one day's time to make up for what you should have made on the days now gone never to return.

So now, on this occasion when you credit men have come together under such happy auspices, let us think only incidentally of the firms you represent and think

primarily of your own selfish interests, about how to own a Cadillac instead of a Ford, how to be able to provide the wife with the quality of stockings that make her happy in her short skirts. I am sure each of you have been faithful enough to the boss's interests during the past year to justify you in thinking, for a short time at least, about the interests of the folks at home who often are entitled to more than they get. We shall try, though, in considering these things, to see if we cannot, incidentally, in making you more valuable to yourselves, make you more valuable to the boss.

In spite of the warnings the world gives us, urging modesty, it is perhaps true that we are sometimes *too* modest. If a man does not know his own value, he has little cause for complaint if those with whom he comes in daily contact fail also to recognize it.

I do not mean that the success of the businesses you represent depends *entirely* upon *your* ability, for important as you are, there are yet other factors contributing to success or failure. The credit end may be highly efficient, but if the selling end be weak the business is not successful. And in turn, the salesman may also remember to his profit that weak credits or a poor shipping room can queer the best salesman on earth.

Now, just as there must be a competent selling end in any business, if there is to be a credit end so there must also be a competent credit department, if there is to be a selling end.

I have been a credit man, and I have been a salesman, and I have employed credit men, and also employed salesmen; and I am firmly of the opinion that the salesman comes nearer to knowing his value and to convincing others on that point than does the credit man. Hence my remark warning against excessive modesty.

This salesman we are talking about does not always have too much modesty. Of necessity he cannot be a shrinking violet, or in many instances he would make hasty exit never to return. And perhaps because this is so, he sometimes transgresses in a seeming lack of ability for self effacement.

So oftentimes we hear

the salesman speak of "my customer," "my trade," and "my accounts." He is apt to forget that at least it is a partnership matter and that the other member of the copartnership is the fellow wearing out Mr. Edison's lamps at all hours in the back office, and who realizes that the combination of poor credits with volume in sales can put General Motors or Mr. Ford out of business. And this same individual also knows that small volume in sales leaves but little for the credit man to do, for these two branches of any business are really the business itself. Either one of them inefficiently operated spells doom.

Now the thing my own business experience has taught me is that the credit man often fails to identify himself as a personality with the customer. He lets the salesman monopolize something along that line that also belongs to him. Too often, the *salesman is the house* in the eyes of the customer.

A salesman builds up personal friendships with the customer and, if he is a smart salesman, these friendships give him a prestige that at times translates itself into income for the salesman. He is not transgressing if he too remembers that the commodity he really deals in is in the selling of his own time. A good line to sell and a large list of friends among the trade resolve themselves into a good salary—if he knows how to sell his time. And they also are an asset for the house.

But too often the same customer who is the salesman's friend feels an enmity toward the credit man. He often gets the idea that the credit man is not his friend because the credit man sometimes has to say "no" to him. And in this he may have part justification, for many credit men do not know how to say "no" and make those to whom they say it like it. Customers may easily forget that unwise credits bankrupt good businesses.

But more often I believe the customer may dislike the credit man simply because he does not know him, and where this condition exists I am inclined to think the fault lies more with the credit man than with the customer.

I am excusing the credit man just a little for this, because the line of travel



Self preservation is the first law of nature.

leading to his job more often passes through the book-keeping department than through the sales department. But that does not mean that he cannot overcome the handicap. There are ways in which he can build friendships outside his regular routine. I feel that a wise preacher has friends outside his parish and that it is wise for any of us to make friends outside the beaten paths we travel in the performance of our daily tasks.

In a business that exists for distribution of commodities, every individual is a salesman. This is true from the top to the bottom. If the selling ceases the business stops. Therefore, the regular salesman, the man that travels far and wide through the country making personal contact with the customer, has the spectacular job. The Ambassadors and Ministers our Government sends abroad personify our nation in the countries to which they are accredited and may easily become more important in the eyes of the inhabitants of foreign lands than is the man in the State Department at home who sets the metes and bounds within which he must act and beyond which he cannot go.

And just so, the salesman, in a territory remote from the business he represents, can easily possess an importance in the eyes of the customer that really does not belong to him.

It is often not disadvantageous to the business that the salesman should seem to have this importance although in fact he really does not, for the credit man tells him to whom he can sell, how much he can sell, and also upon what terms.

Many a salesman, in limiting the size of an order, pretends a real sympathy for the customer and may go so far as to infer that were it not for the peculiar ideas held by the credit man the customer could have all he wants. This does not add to the admiration and affection the customer may have for the credit man.

How many of you ever had to "stand pat" against the combined persuasions of salesman and customer? Perhaps where the salesman was on salary and commission, or entirely on a commission basis? And then how disquieting are your mental processes when, as occasionally may happen, you have allowed this super-salesman to oversell you and you know the responsibility for a loss rests on you. And so, gentlemen, it

may be true that most of your mistakes and most of your enemies are made because of your lack of personal contact with the customer. Remember again that the customer may not like the credit man simply because he does not know him. And as a rule we don't really dislike people when we know them.

So I am going to suggest to the credit man that he contact the customer. That he call on him, not simply on a salvaging trip when the business is on the rocks and when his mission is to find out how many cents on the dollar, but that he make a personal friend of this man who is trying to build a business oftentimes beset by great perils. You can, by showing him many points your broader experience has taught you, enable him to avoid perils any one of which may wreck his business. It won't be hard to convince him that you really are a business doctor instead of what he too often thinks you are—a hang-man.

And when the customers of your house become your friends because they know you have saved their business ships from many a shoal, you have built up a

personal following, just as this salesman of whom we have been speaking, has done, and you have given yourself an added cash value that can be transformed into radios, victrolas, automobiles, town lots, and other items.

It may be necessary to remind you again that I am not talking to you about the science of well-balanced credits, but that I am only talking to you about

THERE IS NO "HALF WAY" IN CALIFORNIA

When the Retailers and Credit Managers of California become convinced that a thing is worthy of their support, they give it typical California endorsement. Enthusiasm and aggressiveness are part of their make-up and accounts for their State becoming a leader in the activities of the National Retail Credit Association.

California leads all other States in the number of Credit Bureaus affiliated with the National. It has one of the best organized State Bureau organizations. The State as a whole is always the first to respond to and co-operate with the National with its Educational, Research and Legislative activities.

On April 19th and 20th the California State Conference of Retail Credit Granters and Bureau Managers will meet in Oakland. Advance preparations indicate a gathering almost as large as our National Convention and a constructive program of real worth.

California has furnished many leaders for the National Association; a National President, H. Victor Wright; a National Secretary, H. B. Richmond; two National Vice-Presidents, A. J. Pickarts and B. G. Voigt; and three National Directors, J. W. Lewis, L. M. Crothwaite and E. J. Dollard.

The Service Bureau Managers of the State have been outstanding in their activity in building our Service Department, and unanimous in the use of our Service coupons.

The spirit of California in wholeheartedly supporting the National Retail Credit Association is wonderful encouragement to our entire membership.

Save

the selfish interest a credit man is entitled to have in looking after his personal affairs.

We, only recently, have been given proof that some very successful men believe in the merit of personal contact. Only recently the world's biggest business has hired a new man to manage its affairs. The world's biggest business is the Government of the United States—its turn-over is billions of dollars a year. The man they have hired is Herbert Hoover. And have you noticed that even before he goes on the pay-roll Herbert Hoover has visited two sides of a continent, getting acquainted with the customers. He did not take any samples with him; neither did he write any orders. He simply went to talk over their problems with them and to let them know he wanted to help.

I noticed during my service in Congress that when I visited my constituents during the off years, when there was no campaign in progress, that I received far more appreciation than when I came to see them during campaign time to ask them for their votes.

You will find the customer will like you far better

when you administer preventive remedies than when you are compelled to force a corrective dose of castor oil down his unwilling throat.

Now, finally, here is what the former Governor of New York calls "my prescription" for the credit man, viz.:

1. Establish personal contact with every customer whose credit you pass upon.
2. Repeat this contact at suitable intervals.
3. Make the customer realize that you are his real friend.
4. Talk with him about his problems and give him the benefit of your experience covering hundreds of cases like his own.

If you will do this, and more, Mr. Credit Man, you will find that you have a far-flung following that will give your service an actual cash value, and it won't be entirely a selfish proposition after all, because you can't do it without increasing the business and also putting credits on a better basis than would otherwise exist.

Lemonade and Cats

This article is reproduced in its entirety so our Credit Bureau Managers may use it to bring home to Retail Merchants and Credit Managers the real value of their service, as compared to those not affiliated with the National Retail Credit Association.

Now

Here's
the

Moral

IT happened at a village Sunday School picnic. Two little boys had lemonade stands—one on either side of the entrance. The pastor came along and going up to George, said:

"Well, my little man, how much do you charge for your lemonade?"

"Five cents a glass," replied George.

"And how much do you charge?" he asked, turning to Harry, who ran the competing stand.

"Two cents a glass," replied Harry.

The pastor cast a censorious eye upon George and said to Harry, "I'll try a glass of yours, my boy."

As he quaffed the fluid, he smacked his lips and said, "That's good, I'll have another glass," and he smiled when he thought he was getting two glasses at less than George asked for one.

"Tell me, my little man," he said to Harry, "how you can afford to sell your lemonade for two cents a glass when George is asking five cents?"

"Well, you see," said Harry, "the cat fell in my pail."

WHEN the price is cut there is usually a reason. The lemonade tasted good to the pastor until he learned the reason for the cut; then any price would have seemed high.

It's a strange thing that a man who sees the justice and wisdom of asking a fair price for the things he sells often fails to see the justice and wisdom of paying a fair price for the things he buys.

A little investigation will prove that our prices are fair and reasonable for the quality of goods we sell; that our service is the best; and that no cat has been in our lemonade.

Today in Retail Lumber Credits

By J. L. DEBES, Credit Manager

Wilson & Greene Lumber Co., Syracuse, N. Y.

AT THIS time in this territory, and I think the same applies throughout the country generally, we find ourselves faced with what I term a form of price cutting in an attempt to maintain volume. And just as would be the effect if it were actually a price cutting process, heavy losses will be the result. I refer to "time."

It is not an unusual demand by any means, but almost a universal request in the greatest number of transactions which are being engaged in. The price of money in terms of time is being almost entirely overlooked by the builder-contractor. He shows no appreciation or respect for it and I fear many building supply merchants and lumber merchants are allowing themselves to be tempted because business is being offered so generally on that basis.

Contractor builders, who for years have discounted their monthly statements, have long since stopped discounting. They went from discounting to waiting for the job to be completed and the first mortgages placed, before paying. Then came the next stage. They found themselves with a few houses on their hands. Equities having tied up their working capital they carried a portion or all of the lumber bill into the second mortgage before paying, and now apparently they have reached the next stage which makes it necessary for a sale to be completed before they can pay their lumber bills.

LUMBER DEALER IS GENERALLY LAST TO BE PAID

Worst of all, from the lumberman's point of view, all other materials, such as the plumbing, lighting and heating, are paid first, because individually these accounts are small, and because the lumberman is usually a bigger operator, and apparently is better able to stand the wait. Builder-contractors are even refusing to give a note for their open accounts while at the same time requesting further credit on new operations stating flat-

ly that the new account can be paid only partially out of the second mortgage which will be written, and the balance paid out of the cash received with the sale.

If refusal is made to such a customer who has done business with a house for a number of years, the customer, whose credit reputation is good (?) seems to find no difficulty in obtaining his materials from the dealer down the street, up the road, or across the town, and feels as though he has been unjustly treated by the concern who is refusing him. He feels that he can stand idle and wait for the market to absorb the jobs which he has on hand, and that he is entitled to continued credit, which means really nothing more or less to the lumberman than carrying for such customer those equities which the customer thinks are his own.

"FROZEN" CREDITS SOON REACH LARGE PROPORTIONS

I feel that the time has arrived where finished houses should be absorbed before further operations are permitted, unless the builder himself is financially able to carry his own equities, and have adopted the policy for this company of refusing further credit until previous accounts have been liquidated. I further feel that this same policy should be adopted in every individual case of this kind. Depending on the size

of the lumber merchant's business, it does not take long to tie up, (I might say freeze) a very large sum of money in this way. Its result is that with each succeeding new operation the condition of the finished house market is made worse as the number of houses become larger. The equities which the builder seems to have in these unsold finished houses shrinks and the chances for the lumber merchant to collect one hundred cents on the dollar of accounts receivable becomes smaller in direct proportion to this unfavorable ratio between supply and demand. So that it is not hard to see that the request for "time"



It doesn't take long to freeze up a large sum of money in this way.

is something which if acceded to has dangerous consequences.

There is another angle in the lumber dealer's business regarding which I can not say too much.

HOW LOAN AGENCIES OPERATE TO HARM BUILDING MATERIAL MEN

During the last few years there have sprung up in various communities an increasing number of agencies who stand ready to make temporary building loans to Tom, Dick and Harry, be he responsible or otherwise. These agencies perform no good for our business. They give nothing to it. Their existence is justified by no other motive except that of taking a "service charge," "bonus," or "commission" for the making of the loan. They take absolutely no risk. They take a first mortgage on the lot which is often purchased without a dollar, a purchase money mortgage having been given for the land and every stick of lumber or other building material or labor which goes into the job adds security to such amounts as they may from time to time advance on this loan. Very often a lumber dealer permits himself through the reach for volume, to take a mortgage to cover his materials, such mortgage being behind this temporary loan, and mortgage for the lot. Now this might have been safe playing on the part of the lumber dealer upwards of a year ago, but today it is most unsafe, and I will point out several different dangers which face the dealer who sells material into such a job.

About six months ago a certain builder-contractor

A STRONG ENDORSEMENT OF THE NATIONAL RETAIL CREDIT ASSOCIATION

VANDERMAST & SON
THE HOME OF GOOD CLOTHES FOR MEN AND BOYS
112 EAST FOURTH STREET
SANTA ANA, CAL. Jan. 25th 1929

Mr. D. J. Woodlock,
National Retail Credit Assn.,
Equitable Bldg.,
Saint Louis, Mo.

Dear Mr. Woodlock:

Assuming my present duties a short time ago, among the first things I had in mind to facilitate my efforts for the proper functioning of the credit end of this business, was to sell the idea of National membership to my firm. Securing an application blank from R. Earl Huddy, Secretary of the local Association, am pleased to advise that same to-day with check for one year's dues has been handed to him to be forwarded your office.

I am pleased that our membership application has gone forward at a time when the National is making a concerted drive for new members.

Prior to entering my present field I was for a number of years engaged in Credit Association work and a member of the National, as past issues of your roster will indicate, consequently I can well appreciate the value of membership, which in my opinion is nothing short of a real and worthwhile investment that pays big dividends. I fail to see how any merchant doing a credit business can afford to be without membership in an organization that is so constantly on the alert doing things for the betterment of his own business and that of the country as well.

In closing kindly permit me to express my gratification for the opportunity that enables me to again establish contact with the National and I assure you that any missionary work that I can do, in my small way, to help the cause, will be gladly done, for, what helps you helps all of us.

Very truly yours,

VANDERMAST & SON
By *W. B. Brinkman*
Credit Manager

FEB/27

A NEW GROUP CONFERENCE FOR OUR NATIONAL CONVENTION

The development of our organization membership in Canada, and our desire to render service which will apply to the particular needs of the Dominion has caused us to create a new group at our Conventions, to be known as the "Canadian" Group. This Group will be in charge of Mr. A. G. Donaldson, of the Hudson's Bay Company, Winnipeg, with National Director W. B. Brinkman of Duluth as Vice-Chairman. Mr. Brinkman has taken a personal interest in the development of the National Association in Canada.

The Group will include Border cities of the United States as well as our Canadian members.

The first session of the Group will be held at Nashville, Tennessee, June 19, during our National Convention. All members should at once communicate with Mr. A. G. Donaldson, Chairman, or the National Office.

who had been operating on a one house or two house scale conceived the idea of enlarging his scale to six houses at a time. He contracted to purchase six lots adjoining each other. He came to a material dealer who made temporary loans and tried to arrange for a temporary loan on each of the six. The dealer, who already had his own views on the housing situation, advised him that it would be much safer for the builder to refrain from the six schedule, but to continue as previously with a schedule of not to exceed two, made him a building loan on each of the first two, but refused to go any further in financing. The builder agreed, and the two houses were started. But he had contracted for six lots, and interest on the price of the four lots which were not being used would continue, and he calculated that if he could begin the other four, he would so much the sooner be able to save interest costs. When he had two houses well under way he again applied to the dealer to go on with more, but the dealer believing that his own judgment was good, refused more loans until at least one of the houses was completed and paid out.

This arrangement did not satisfy the builder, who went from this lumber dealer's office to a so-called "loan shark," one who makes temporary building loans for no other purpose than to earn the bonus or service charge. This loan shark made him the same total loan on one more house as the lumber merchant had made.

Now keep in mind, all the time, that there is quite

a difference in the amount of cash available to the borrower in a loan made by a dealer and a loan made by a money man. A dealer will make a loan only of sufficient size to pay a reasonable portion of cellar work, a reasonable portion of the carpenter labor, roughing in of heat, light and plumbing and possibly some of the painting. He will, however, include in such loan the entire amount of lumber, mill work and trim and such other supplies as he handles. If the dealer has a rather complete building materials yard, the total of all materials purchased by him will approximate 45 or 50% of a loan, so that in a loan say of \$5,000 the builder would have cash available for labor and some other items of about \$2,500, the balance going to pay the dealer for material furnished. Whereas, if a money man makes the same \$5,000 loan on the same house, the builder will pass through his hands approximately \$5,000 in cash, twice as much.

If the builder is not of a pretty strong character, he is likely to be tempted to use some of this large amount of cash for other purposes than to pay for the lumber which went into the construction. It is very often diverted toward the purchase of automobiles, new rugs, furniture for the builder's home, or other things. The builder above referred to, feeling that he would not get credit on open account from the dealer from whom he made the first two loans, went to another yard and ordered all the rough materials, frames and sash for one house. He rushed the job to the roof and then called upon his money man for an advance upon this job. Such advance was made covering cellar wall, under roof and enclosed (approximately \$2,000). In stead of returning to his job and paying off his labor, and instead of going to the lumber dealer and paying him, he used the money for some other purpose.

A series of liens followed. All the smaller ones of these were cut off by foreclosure of the real estate man's mortgage which was subsequent to the building loan mortgage, and at the mortgage foreclosure sale the lumber dealer had to buy this unfinished job and take the chance of coming out as well as possible by finishing it himself, and thus salvaging some of the cost of the lumber which he so liberally furnished. Now the thing to keep in mind about this transaction is that the only reason this particular builder fell was because he was tempted through having the "large" amount of cash in his hands.

THE BUILDING SUPPLY DEALERS "HOLD THE BAG"

I will now illustrate another case along the same lines, but in greater magnitude. This particular individual bought eight lots, paid a small amount of cash

on two of them, made a building loan mortgage from a dealer on each of two of them and proceeded to construction.

After job number one was well under way he started to push job number two and as soon as this was under cover he applied to the lumber dealers for temporary loans on more, and was refused. He then went to a money lender and arranged temporary loans on the other six. He pushed the cellar walls up very rapidly. He employed a large force of carpenters and in one week he had four houses under roof, two of which were enclosed, and he drew from his money lender mortgage man \$4,400 in cash and took French leave.

The two houses which the material man financed have only a few small liens on them and no one is going to suffer any serious losses because the cash advances were made in small amounts and there was no incentive for theft. On the other four houses which were pushed so rapidly, there is a train of liens running anywhere from \$25 to \$75. There will be much grief over the amount that cannot be realized for the lienors. The lumber man and other men who furnished this job face serious

losses, because \$4,400 of actual cash has been stolen out of the jobs. It is my opinion that this theft would not have been perpetrated if a material man had made these temporary loans, because the amount of cash furnished, instead of being \$4,400 would probably have been much nearer \$2,000, and the \$2,000 would not have had the same drawing power.

Here again, please remember that where the loan was made by the material man no losses followed and two houses were finished and financed, but where the loan on the four was made by the money man, the tale is a sad one.

One would think that the lumbermen in a community would realize the danger of furnishing materials behind loans made by loan sharks after seeing the two above illustrations, and that they would refuse to deliver any materials into such a job. I might say that they do deliberately put materials in these jobs in an effort to make volume, with no other assurance of being paid than is held in the word "Hope."

AN INSTANCE OF PLAIN LARCENY—AND NOT AT ALL "PETTY"

Another illustration—this one in the same community as the two previous ones and after the two previous ones. Comes along an insignificant slightly known builder. He goes in for twenty jobs at one time. I am not acquainted with the number of men he employed for a period of ten days, but it must have

ACCORDING TO PAUL NYSTROM OF COLUMBIA UNIVERSITY, THE RETAIL BUSINESS FOR 1928 AMOUNTED TO \$41,000,000,000.00

| | | |
|-------------------------|------------|---------------------|
| Independent Stores | 61 3/4 % | \$25,200,000,000.00 |
| Department Stores | 16 % | 6,500,000,000.00 |
| Chain Stores | 15 % | 6,200,000,000.00 |
| Mail Order Stores | 3 3/4 % | 1,400,000,000.00 |
| Company Stores | 2 % | 800,000,000.00 |
| Consumers Co-Op. Stores | 1/4 of 1 % | 100,000,000.00 |

The Credit Survey

By W. C. PLUMMER

Domestic Commerce Division, Department of Commerce

THE Retail Credit Survey being conducted by the Department of Commerce with the co-operation of the National Retail Credit Association is moving forward as rapidly as can be expected for a nation-wide study of this sort. The project has naturally experienced some difficulties, chief of which has been the matter of developing a sufficiently large and representative list of retailers. At present approximately 200,000 questionnaires have been sent out and perhaps 15,000 additional will go out. In this work we have been assisted by more than 1,100 different organizations including the 1,000 local bureaus of the National Retail Credit Association, Chambers of Commerce, and various merchants associations. The job of addressing envelopes to the retailers in each section has been handled by these organizations, for the most part, promptly and completely. But, in some of the largest and most important cities, the work has been held up or the addresses furnished have been inadequate. This has occasioned additional work and consequent delay.

Replies to these questionnaires are now beginning to come in in workable quantities, but it is too early to determine what percentage of the total number will be applicable to the purpose of the survey. The editing and coding of the replies discloses that thousands of the concerns addressed are wholesalers, manufacturers, finance companies, insurance companies, physicians, surgeons, dentists, and undertakers. This fact means that the per cent of usable replies will be just so much lower. It is encouraging to find, however, that the incoming questionnaires from retailers are quite satisfactorily filled out and that they lend themselves very well to this study of national retail credit methods. On the basis of questionnaire returns to date we can estimate rather definitely the kind of information that can be obtained. The survey will show, for instance, the number, size and percentage of all department stores, chain stores, automobile dealers, furniture stores, shoe stores, women's clothing, men's clothing, grocery stores, coal and wood dealers, hardware stores, etc., making use of credit bureaus, and those which do not. This information will also be set forth by states and other geographical districts. It will show losses, both upon credit losses and install-



W. C. PLUMMER

ment credit losses, by kinds, size and location of establishments. It will be interesting to know how the results of different policies with regard to such matters as the use of local credit bureaus, conducting private credit investigations, and determining the amount of credit to be extended to each applicant.

Another type of information which we are securing, and which will be of inestimable value to the merchant, is information on the time that credit accounts are outstanding. We have asked for balance due when books are closed for the month and collections for each month for both open and installment credit accounts. By checking the collections of the month against the balance outstanding

at the end of the preceding month we will secure a collection percentage which indicates the time credit accounts are outstanding. One of the costs of credit extension is interest upon capital required to finance accounts. The lower the collection percentage the more money required to finance the business and the higher the costs and all other things being equal the less the profits.

A great deal of the value to the individual merchant of the great fund of information which is being gathered lies in the fact that he will be able to compare his own experience with that of other business concerns just like his. It is evident, even from a superficial examination of the returns as they come in, that wide difference exists; for example, in respect to the points mentioned above, losses and collection percentage. These costs bear a close relation to profits and should be carefully watched. The collective experience of large groups of retail merchants in matters of credit method and policy will be set forth in the finished results of the survey for the guidance of the individual business man.

An unusual demand for the December issue of the Credit World has depleted our supply. If you have finished with your copy, will you please mail it to the National Office, 606 Equitable Bldg., St. Louis, Missouri.

Building Prospect Lists— A Continuous Process

And What Is A Customer Worth To You

By DANIEL J. HANNEFIN, Better Letter Counselor
St. Louis, Mo.

NEW charge account solicitation and the building of prospect lists for this purpose should be a constant, never-ending process.

In fact, the growth of your store depends to a large degree upon its ability to attract and hold new customers.

Because, a certain amount of old customers are lost each year. Death, dissatisfaction, change of residence, change of buying habits, all take their toll.

Quite a number of new accounts must be added each year, to make up for this normal loss—*just to keep the business from slipping back!*

Further than that, additional new accounts must be added to keep the store going forward.

So every available source must be "combed" constantly for new prospects.

What are the sources?

First, your present customers. Every cash customer, every C. O. D. customer should be considered a charge account prospect until a check up of credit ratings proves differently.

Salespeople should be instructed to get the name and address on every cash sale. This can be done—it *is being done* in many stores. A courteous request for "your name and address so that we can send you advance notice of special sales events," usually does the trick.

On C. O. D., and "will call" sales and on alterations you always get the name and address. It's an easy matter to have these sales slips referred to the Credit Department before they are filed.

Next, is the casual customer who pays by check

Editor's Note—Mr. Hannefin is the originator and editor of the Better Letter Service of the National Retail Credit Association. Several hundred members who use this service have found it invaluable in giving them new thought for Credit Department collection and sales building correspondence.

or who asks you to cash a check as an accommodation. Naturally, you should get the name and address and some information in the way of references, just as a matter of precaution. This gives you ample information for your mailing list.

Your own store employees should be able to furnish many

names for your prospect list. Stage a weekly or monthly "New customer" contest. Give a weekly or monthly reward of some kind to the employee who furnishes the largest number of *acceptable* names.

Watch the newspapers for live items such as: "Mrs. Jones is going to Europe"; "John Smith elected to head Elks," or "Miss Evelyn Blank is home from Vassar."

Engagement announcements, weddings, births, purchases of new homes reported in the real estate section, items about men and women prominent in social, political, business, church, educational or sports circles, all shout to you: "Here's a prospect for you!"

Develop a "nose for news," the newspaper term for the knack of turning every happening to good account. Learn to think about everything you see, hear or read in terms of your store. In other words, "Where do we come in on this?"

Legal records, such as building permits, transfers of property, assessment rolls, marriage and birth records, registrations of better grade automobiles, hunting license records, all furnish vital information for "special" lists.

Don't overlook "outside" names, that is, names of

JUST HOW DO YOU ANALYZE ACCOUNTS RECEIVABLE?

An outstanding member of the National Retail Credit Association, who is Credit Manager of a Department Store doing five million dollars a year Credit volume, showed us his analysis for October.

| | |
|--------------------------------------|---------|
| Accounts one to thirty days old..... | \$45.88 |
| " one to two months old..... | 23.28 |
| " two to three months old..... | 8.22 |
| " three months old and over..... | 22.62 |

He appears to be very "chesty" about this record and wants to know how many can equal it, and no doubt some can. Give him figures which will take some of the wind out of his sails.

But the big point in his correspondence is how many of our members analyze their accounts as regards age by months. We know many do, and we want to hear from them so we can be in position to answer questions of this kind.

The National Office will appreciate a frank statement from our members regarding account analysis. No firm names will be mentioned or no individual Credit Manager quoted. But the information will be of great assistance to your National Officers, who are working for standardized methods.

D. J. Woodlock.

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The Economics of Credit Extension

By DR. GEORGE WM. DOWRIE, Professor of Finance

Graduate School of Business, Stanford University

THE Credit Manager, like any other executive, has to deal with both internal and external factors. This talk has to do with the latter. These cannot be ignored, even though they are not so obvious as the every day problems of the credit department.

Does credit extension increase the production and consumption of goods? Every charge purchase has to be paid for, later, by the use of cash, so, in the long run, book credit does not add directly to the total purchasing medium. There are two necessary qualifications to make to this statement, however. (1) If business is on the up-swing, and the month-by-month credit purchases are exceeding the cash settlements for the preceding month's business, the excess will seem to stimulate production and consumption in the same manner as putting more money into circulation would do. (2) If the granting of credit enables families to have things which make them better earners, it brings about increased production and consumption. For example, labor-saving or time-saving equipment, expenditures which promote health and efficiency, will either enable a family to increase its income or at least make larger use of its present earnings.

One of the most important problems facing a credit manager is what people can afford. A store may succeed in unloading expensive luxuries upon patrons with relatively small incomes, and may also succeed in collecting in full for these purchases, but, in the long run, this is sure to prove a boomerang. What is bad for customers is bad for the businesses which they support.

A family should have a budget in which certain sums are set aside for its various requirements such as shelter, food, clothing, operating expense, advancement and savings (including house payments, insurance, etc.). It should

A lecture delivered at the "Institute in Retail Credit" conducted by the Associated Retail Credit Men of San Francisco.

not rob any of these essential items by undue expenditures for one or more of the others.

Instalment buying is no different in principle than the ordinary charge account. It costs more to buy on easy payments, but the extra outlay is thoroughly justified if the articles purchased contribute to the well-being of the family, and are not paid for at the expense of other important family needs.

Any form of credit extension costs money. The costs include (1) the maintenance of the credit department, (2) bookkeeping and billing, (3) collection expense, (4) losses from bad debts, (5) the interest on the working capital tied up in the accounts.

Ideally speaking, the person who is granted the favor of postponing payment should pay the cost. In instalment buying, this is a perfectly feasible thing to do—and, in fact, is done. In the case of ordinary monthly charge accounts, however, the expense is relatively small and it is much simpler to include it in the mark-up on all of the merchandise. The cash

customer will not be seriously wronged by this procedure. The competition of other "charge" stores and the "cash and carry" concerns will keep the cost down to a low minimum.

Credit extension is a thoroughly sound and justifiable economic institution. First, it takes care of the needs of persons whose income is reasonably assured, but is received at intervals. It enables them to obtain things when they are most needed. Second, it serves the convenience of shoppers, just as the delivery service, extension telephones, rest rooms and other features of modern mercantile establishments do. The public want these conveniences, and are willing to pay a reasonable price for them in the mark-up of the goods. The patron with a charge account



A store may succeed in unloading expensive luxuries upon patrons.

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Collecting Through the Bureau

(a) What Kind of Accounts Should be Referred and When?

(b) What Ratio of Success Is Reasonable?

By LEWIS P. WHITE, Manager

Adjustment Department, Retailers Credit Association of San Francisco, Inc.

THE first question, proposed by a man who knew he would not have to answer it, is: "What kind of accounts should be referred and when?"

The question might have been worded, "What kind of bad accounts should be referred and when?" because "bad accounts" are the only kind we expect to receive and seldom are we shocked by getting an easy one. The majority of questions discussed at our various credit meetings are, in my opinion, too general, and this question, at best, can only be answered in a general way. There are so many varying factors that enter into it and we would have to consider each of those factors before a specific answer could be given.

A general answer would be that accounts should be referred for collection when your own efforts have proven unsuccessful. How far you should pursue your own efforts before placing the account for collection is a matter of judgment and depends largely upon the experience and ability of the Collection Manager. In one organization the Credit or Collection Manager will have only a comparatively small number of accounts; he may know many of the customers personally and be in a position to devote much time to each account. In the larger organization, however, we have a much different problem. The Collection Manager handles many thousands of accounts and has to delegate much of the work to assistants and has not time to dig into the facts of each individual account. His contact with the customer is more or less impersonal and he is obliged to determine the collectibility of the account from facts presented to him by the credit application, the credit report, correspondence, collectors' reports, etc. His problem is to keep the active accounts as current as possible, and if there is no payment within a reasonable time and no acceptable explanation for delayed payment he will place the account for collection and devote most of his time to saving other accounts from becoming delinquent to the point where it is necessary to place them for collection.

If you expect the Bureau to act as the Doctor for your sick accounts you will have to call us in before

A lecture delivered at the "Institute of Retail Credit" conducted by the Associated Retail Credit Men of San Francisco.

the patient is beyond all hope. Once in a while we resurrect a seemingly dead one as illustrated by the following case: On April 18th, 1922, we received for collection a claim

of \$52.40 due on a balance owing since May, 1920. In 1922 we collected only \$5.00, and legal action was instituted in 1923. That resulted in a payment of \$25.00 including court costs. We lost trace of the debtor, but he was relocated on October 1st, 1928, and on October 18th he sent in a remittance for \$25.55 in full with the following note: "Inclosed, check for the above amount. You seem to have resurrected the dead and buried."

That is an unusual case, but it shows that we do not give up easily even on those cases where the patient thinks we have made the wrong diagnosis of his ailment and given up hope of recovery.

Our experience has shown that the most successful Collection Managers are those who refer accounts for collection when the debtor does not respond to ordinary collection efforts, and when, in his or her good judgment, the debtor is not making a sincere effort to discharge the obligation.

The second question is, "What ratio of success is reasonable?" and I maintain that this question is also too general and cannot be answered without considering the many factors involved. The percentage of recovery for one client will be much higher than for another, because one Collection manager will turn over the accounts at the proper time, while another will be more optimistic and lovingly cherish the accounts "until death do us part." Of course, it is impossible for any Credit or Collection Manager to tell when a debtor is going to skip, but we do believe that accounts should be given to us while the trail is at least warm. Many accounts submitted to us for collection show that many years have passed since the debtor last stalled off the landlord at the given address. Without any personal criticism, some of our clients are justly entitled to a life membership in the Optimist Club, without dues, for the cheerful manner in which they view their ac-

Turn to page 16, please

The Hermitage

Shrine of Americanism,
Near Nashville, Tenn.

WHERE once "Old Hickory" walked amid the beautiful shade of giant cedars and mighty oaks, where he was wont to go for rest and comfort, where he entertained his guests, those known for their influence and power during his day, where once a band of stalwart Tennesseans started on a journey to save a nation at New Orleans, where poor, broken-hearted Rachael lived a few short years and then slipped away, where "Old Hickory" himself spent his last remaining years, where LaFayette came to visit Jackson, where today Andrew Jackson and Rachael sleep in the peaceful stillness of their native soil and amid the flowers they loved, will go the members of the National Retail Credit Association during the time they are in Nashville, Tennessee, for their convention next June.

"The Hermitage," a spot dear to every true American heart, a shrine to which thousands go each year, will be one of the points of interest to which the Nashville Credit Men are planning to take their visitors during their stay in Nashville. This alone, will be worth the whole trip to the convention for there is something about this hallowed spot that grips and holds the visitor and he comes away, feeling that he is just a little bit stronger in his love for his native soil.

No more romantic, dynamic personality has ever played its part in the building of a mighty nation than Andrew Jackson. His was a spirit that knew no such thing as fear, whose chivalry was unsurpassed, whose gallantry and bravery are a part of America's written record, yet continue to play in the scenes that follow a prologue such as but few dramas have ever presented. It was "The Hermitage" that was the highest spot in his life. It was the spirit of the Hermitage that caused him to resign more high of-

Members attending the Convention of the National Retail Credit Association, June 18-21, will have the opportunity of visiting this historic spot.

fices than any man ever held, for it was his desire for Rachael and his home, that always drew him back. Probably had she lived, he would have resigned his office as President and returned to the

quietude of "The Hermitage."

"The Hermitage" of today is just the same as of the past. The old beautiful, snow white mansion, built along the architecture of the Colonial days, breathing its spirit of contentment and grandeur, stands back from the roadway and leading to the building is a driveway that is shaped like a guitar, the neck being formed with a double line of giant cedars planted by Jackson or left by him when the grounds were being cleared for the erection of "The Hermitage." The body of the guitar is formed by cedars that completely encase the building itself and forms one of the most imposing views anyone could ask to see. The grounds are maintained by The Ladies Hermitage Association, a band of Nashville women who revere the name of Jackson.

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THE HERMITAGE

Located twelve miles from Nashville "The Hermitage" stands as one of America's foremost points of interest, one hallowed by sacred memories of "Old Hickory."

Collecting Through the Bureau

(Continued from page 14)

counts receivable. Just a few days ago we received about ten accounts from a client who wrote, "In looking over our books we found a few accounts which we would like for you to collect for us," and one of the claims was against a debtor in Honolulu—the amount was only a little over four hundred dollars and was contracted in 1923. What ratio of success is reasonable? Even a large consumer of "White Owls," which produce beautiful dreams, could not answer that question, when clients persist in holding accounts which obviously are not only bad but rotten to the core.

The following statistics have been compiled by Mr. J. F. Fitzgerald, Assistant Manager of our Adjustment Department, showing the percentage of collections made for two department stores:

Store Number 1 placed with us for collection from January 1, 1927, to September 30, 1928, 617 accounts totaling \$53,553.29. The total amount collected during that period was \$25,857.09 or 48.2 per cent.

Store Number 2 placed with us for collection during 1926 and 1927, 547 claims totaling \$36,844.64. During that period we collected \$17,958.34 or 48.7 per cent.

These two cases are taken as an example, and show what ratio of success we consider reasonable when the client operates an efficient Credit and Collection Department and places accounts with us at the proper time.

We can tell you what our average percentage of recovery is, but it does not mean anything. For the first nine months in 1927 we collected 24.4 per cent of all claims referred for collection, and for the corresponding period of 1928 our recovery was 27.2 per cent. Either figure is considered good, and especially when you know that about 50 per cent of claims placed for collection are "skips." If all claims were referred to us at the proper time our percentage of recovery would be much greater and the percentage of loss from bad accounts for our clients would be much less.

It may interest you to know that our average commission rate to all clients on all claims has never exceeded 31 per cent. This includes all classes of accounts.

The tremendous growth of credit business during the past several years has brought about a corresponding increase in accounts receivable and has created a demand for collection services which will match, in effectiveness, the improved methods developed in the business world. We want you to know that we shall always do everything possible to maintain a high standard in our Adjustment Department—that we shall have constantly in mind that we are a service organization created to meet your demands—that we must create and maintain confidence and satisfaction—and

in return we ask for your full co-operation and support.

The Economics of Credit Extension

(Continued from page 13)

can telephone his orders, receive important articles on approval, carry only a minimum of cash, and simplify his household accounts and finances.

From the standpoint of the merchant, credit is likewise thoroughly justifiable. It wipes out the peaks and valleys of the week's sales. Charge customers do not flock in on pay day the way cash patrons do. The charge customers of a store form a more or less permanent clientele. The store can serve them much more effectively and can gauge its purchasing and financial policies more accurately than if it depends upon cash customers.

The economic effects of unwise credit granting are:

- (1) Injury is inflicted upon the recipients, and results in a "kick-back" on the store;
- (2) a burden of bad debts is created, which cannot be unloaded upon the good customers and must be swallowed by the store;
- (3) it ties up the working capital of the firm unduly;
- (4) it runs up the cost of credits and collections.

The ideal credit department:

- (1) Will strike a nice balance between turning away deserving credit applicants and taking unwise chances.
- (2) It will administer its departmental affairs with as strict economy as is consistent with having a high-class personnel and adequate records and other necessary equipment.
- (3) It will not stop at passing favorably upon applications, but will keep

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GRIGSBY TAKES MANAGEMENT OF PHILADELPHIA CREDIT BUREAU

Mr. Louis S. Grigsby, Assistant Manager of the Associated Retail Credit Men of Washington, D. C., has been selected by the executives of the Chamber of Commerce of Philadelphia, as Manager of the Philadelphia Credit Bureau.

Mr. Grigsby is well known to the members of the National Retail Credit Association as a contributor to the *Credit World* and the efficient co-worker of Mr. S. H. Talkes in Washington. No doubt he will bring to his new position a thorough knowledge of Bureau service, which will mean much for the Retailers of Philadelphia.



Frank Batty, A Real Credit Executive

Mr. Frank Batty, Credit Manager of Hale Brothers, San Francisco, and Past President of the Associated Retail Credit Men of San Francisco, believes in education as a means of making better and more efficient employees.

In his office he has fifty or more employees, in each of whom Mr. Batty takes a personal interest. As a result a spirit of co-operation and fellowship has been created. He has adopted the slogan:

"Let's Make Our Credit Department Produce, and personally writes copy for a bulletin which is distributed to each employee. This bulletin deals with Credit economics, store policy, and business fundamentals.

Following is a copy of one of the issues which found its way to the National Office:

To All Members Of The Credit Department

Particularly Those Who Have Direct Contact With Public

ALEXANDER T. STEWART, the famous retail merchant of a century ago, whose influence is reflected today in every modern Department Store, made it a policy to know his customers personally, as far as possible, and make friends of them. He said, "We must look to our friends to trade with us; our enemies will not."

The foundation of any successful business is GOOD-WILL—intangible, it is true, but very real. Our duty is to promote this at all times, and while the customer may not always be right it is well to assume that attitude and govern ourselves accordingly.

The purpose of this message is to emphasize the necessity for UNFAILING COURTESY at all times and under all circumstances.

Codes and Creeds are often honored in the breach rather than the observance. The following, however, are practical and should be effective in our work.

OUR DUTY TO THE STORE

1. To promote business by expediting every credit sale that is consistent with sound credit principles.
2. To conserve capital by declining to sanction unsafe credit risks. Credit cannot be safely granted on sentimental grounds, or as a personal or business favor.
3. To carry on credit work in such a way as to promote the good-will of the store's customers.
4. To so conduct the work of our department that we are in a position to give our reasons for every risk sponsored and every application refused.

OUR DUTY TO THE DEBTOR

1. To make clear the nature of the obligation which he assumes when an account is opened.



FRANK BATTY

2. To safeguard future credit by requiring payments as agreed.

3. To recognize that accident, prolonged sickness, bereavement, or other unavoidable circumstances justify exceptional treatment, and afford an opportunity for cementing the friendship of the customer with the house.

4. To adjust bills cheerfully, rather than grudgingly, and emphasize the confidence of the store in the customer's word. The credit department should be recognized as the customer's friend in all controversies with the store.

5. To be tactful in all dealings with a customer, particularly in handling collections and in refusing requests for credit.

Let me repeat: The function of a Credit Department is threefold:

1. TO PROMOTE GOOD-WILL.
2. TO FACILITATE SALES.
3. TO MINIMIZE LOSS.

LET'S MAKE OUR CREDIT DEPARTMENT PRODUCE—AND STRIVE FOR A RECORD IN 1929!

The Economics of Credit Extension

(Continued from page 16)

close watch of the accounts and insist upon prompt payment. (4) It will study carefully changes in local and national business conditions and adjust its policy to them. (5) It will build up for its house a clientele of regular worth-while patrons.

(Abstract of talk — Institute of Retail Credit — October 22, 1928.)

Handling Hospital Accounts

By JOHN E. LANDER, Financial Secretary,
Wesley Hospital, Wichita, Kansas

AN account is a financial memorandum or statement concerning one's indebtedness. Every patient who comes into a hospital opens an account.

In dealing with this subject I am going to tell how we do it and you will keep in mind the hospital that is a benevolent institution, where all patients are received except contagious and mental cases. Where money on some cases may be received by the hospital from County and Chest funds, if County and Chest officials see fit to do so after having made an investigation of the patient's circumstances and paying ability, and where there is no municipal or County hospital to which patients could be taken for treatment when they are without funds with which to pay.

One can see at a glance, that under these conditions, where all hospital cases are received, where no discrimination is made as in ordinary secular business, that many accounts of doubtful pay must of necessity, be opened.

Let us remember too that the constitution and by-laws of our benevolent hospitals provide that all those who are financially able should pay for their treatment and care, a sum of money which would make it possible for the institution to meet her obligations and carry on her work without annual deficits in the operating end of the hospital.

A paper read by John E. Lander, Financial Secretary, Wesley Hospital, Wichita, Kansas, at a recent meeting of the Wichita Retail Credit Association, also the State Hospital Association's meeting held at Ft. Scott, Kansas. (This institution has 218 beds and during the year 1928 cared for an average of 167 patients a day.)

THE SIX TENETS OF THE CODE OF ETHICS OF THE N. R. C. A.

1. That the profession of retail credit granting is one of honor, of opportunity and of grave responsibility and that it demands our highest service, and that, as such, it is entitled to adequate recognition and recompense.

2. Real service is the chief function of all business, and justification for its existence is dependent upon the measure of its service to the community, or the territory, which its activities embrace.

3. The members of the National Retail Credit Association acknowledge a clear and definite responsibility to render service, not only with justice, but also with the largest possible measure of efficiency and true economy; efficiency in order that the merit of service may be the greatest, and economy in order that the cost of service may be the lowest.

4. The adoption of a recognized standard of business principles and practices on the part of those who assume the responsibility of retail credit extension will serve to promote a more helpful and profitable service.

5. To recognize that the practical application of the Golden Rule—**ALL THINGS WHATSOEVER YE WOULD THAT MEN SHOULD DO UNTO YOU, DO YE EVEN SO UNTO THEM**—is the foundation, and that education and co-operation are the chief corner stones upon which to build.

6. To seek to establish upon the foundation of the Golden Rule a profession which will increasingly serve as a constructive factor in the development of the Nation's business and an avenue for the development and maintenance of those high principles which must be the basis of all right action.

With this sort of a foundation how shall we proceed to handle accounts that two things may be accomplished; first that payments may be secured from the patients; second that in obtaining payments every patient is left sweet and amiable with never a word of criticism for the institution which has so graciously befriended them in a time of need.

First step—admission.

Incoming patients are asked a number of questions which are answered on the following blank.

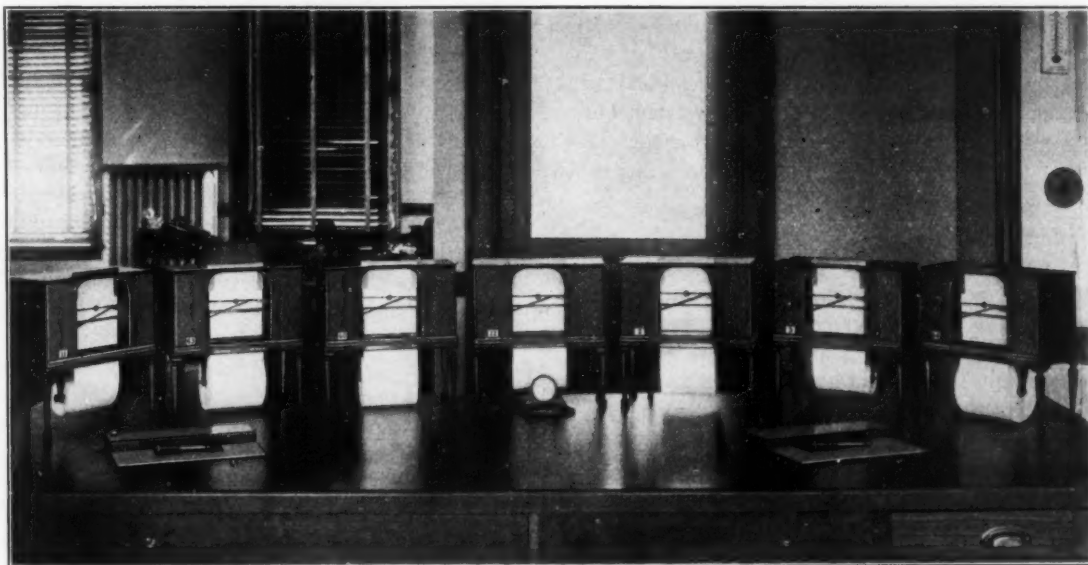
You will notice this blank is divided into three parts. One deals with the patient, one with the payer and the third a memorandum placing responsibility for the payment of the account. This blank is abbreviated in some places but is understood by the admission clerks, and when properly filled in, gives full and complete information.

This blank is filled out as quickly and quietly as possible, the patient is sent on to his room. The only thing we do at this point is to say that payment is expected weekly, or if staying less than a week, payment should be made at dismissal. The reaction of the payer right here is sometimes very helpful to us.

This admission blank is copied on the ledger page and then comes on into the financial department. If for any reason payment appears

RETAIL CREDIT MEN'S BUREAUS— RETAIL CREDIT MEN—AND STORE CUSTOMERS

**Are Served More Rapidly and More Safely When Telautographs
Connect the Members With the Bureaus!**



Telautograph Desk at Merchants Credit and Adjustment Co., Toledo, Ohio

All Messages from Members are Automatically
Recorded on Receivers Assigned Thereto.

No Attendant Required for Incoming Messages.

All Outgoing Messages are Transmitted Direct to the
Member Store Concerned.
All Messages Incoming and Outgoing are Transmitted in
the Handwriting of the Senders.
The Handwritten Record Fixes Responsibility when the
Human Element Errs.

THE TELAUTOGRAPHS SHOWN

Write to and Receive from

**B. R. BAKER COMPANY — RANNIE BARBOUR COMPANY — MEYER JONASSON COMPANY —
STEIN'S COMPANY — THE LION STORE — LA SALLE & KOCH COMPANY — AND
THE LAMSON COMPANY**

SEVEN GREAT STORES IN TOLEDO!

**THE MERCHANTS CREDIT BUREAU, GRAND RAPIDS, HAS ORDERED THE SYSTEM!
40 CREDIT BUREAUS IN OTHER CITIES ARE SERIOUSLY CONSIDERING DOING SO!**

THIS SYSTEM PERMITS

The **instantaneous delivery** of all requests for "Credit Ratings," from members to the Bureau, in **handwriting**, as rapidly as the clerks at the stores may write them.

The **immediate delivery** of "Credit Ratings" in the handwriting of the Clerk at the Bureau, as quickly as the latter can write them.

The same rapid service on the sending of Credit Reports.

At least 25% increase in handling Bureau Service to members.

THIS SYSTEM ELIMINATES

The necessity of telephones entirely.

The employment of one or more clerks to receive incoming messages at the Bureau.

The need of slow and costly messengers.

Delays in acting on members' requests and thereby increases the daily capacity of the Bureau.

Write for plan M. C. 1—No obligation, of course

TELAUTOGRAPH CORPORATION
General Offices and Factory—16 West Sixty-first Street, New York, N. Y.
We Have 44 Branches Serving Over 500 Cities in U. S. and Canada

doubtful after the admission blank has been studied carefully, we telephone our Wichita Retail Credit Association for a report on the payer. Through this Association we can get reports on out-of-town payers as well as those living in Wichita. If the credit rating of the payer is bad, we immediately begin to do all we can to protect ourselves and learn also whether the payer is really financially able to pay the account.

If it appears that a given payer is unable to pay, we call a woman whose business it is to investigate all cases, that perhaps should be paid by the county commissioners or the Community Chest.

FLOOR WORK FLOOR WORK

Through the financial department, weekly statements are taken to the rooms where collections are made. If the payer cannot be reached through the patient's room, the following letter is mailed to him:

Dear Friend:

In Re: Room No.

Weekly payments on our patients' accounts make it possible for us to meet our expenses promptly. Our obligations are very heavy.

Knowing this, we are sure you will send us your check in payment of the enclosed statement, \$....., and we assure you this favor will be deeply appreciated.

Yours truly,
WESLEY HOSPITAL,
John E. Lader,
Financial Secretary.

In many cases this weekly letter brings the check. If payer does not comply with our kind request, we write asking that he please come to the office. If he does not come, we go to see him and in very few cases is this necessary.

We also have placed a card in each room giving "house rules." These have helped our collections won-

derfully. On this card, in short sentences the following topics are mentioned:

Information on prices of the room, a word about meals, regular nurses, special nurses, doctors' charges, extra charges, etc. Then these items are emphasized: "Paying the Hospital," "Anesthetics," "Smoking," "Thoughtfulness," "Staying with the Patient," "Responsibility," "Our Air," "Letters," "Visiting Hours," and a "Christian emphasis."

One fruitful suggestion on this card is the fact that unless arrangements are made with the financial department, payment in full will be expected before or at dismissal.

When a patient is dismissed a slip is sent to the office by the floor supervisor and it is the business of the cashier's office to have the payer come into the financial department if full payment is not made. For future payments we use two notes, one where the total amount is payable at a definite time, and the other where installment payments are to be made; these notes are different in color. Immediately after dismissal every payer is reported to the Wichita Retail Credit Association as to how he cared for the account.

FOLLOWING AFTER DISMISSAL

The admission blank having been closely studied, payments having been asked for at the patient's room, weekly letters having gone to the payers, credit reports having been obtained in doubtful cases, we approach dismissal with a pretty fair idea of how terms of payment should be arranged. Our aim is to have a promissory note on all cases where it appears that a note would be preferable to an open account. More than half of our accounts that are carried over are not put into notes.

Records of both open accounts and notes are placed in a Kardex file and are closely followed. In arranging terms we ask the payer to be conservative as to

| ADMISSION BLANK | | WESLEY HOSPITAL | | | | ROOM | |
|---|-------------------------|-----------------|---|---------|------------|----------|---------------------|
| Name | Religion | | | | | Age | |
| Address | Telephone | | | | | | |
| Occupation | M S W D | | | | Rate | Case No. | |
| Admitted | 19 | AM | | PM | | | |
| Doctor | Acc. Ins. | | | | Comp. Ins. | | |
| <hr/> | | | | | | | |
| Payer | Occupation | | | | | R. Tel. | |
| Address | Payer's Rel. to Patient | | | | | | |
| Bus. Address | | | | | | B. Tel. | |
| Paying Ability | A | B | C | D1 | D2 | E | Paid at Entrance \$ |
| Notations | | | | | | Adm. by | |
| <p>In consideration that The Wesley Hospital admits and cares for the above named patient, I, or we, agree to pay the Wesley Hospital, at their office in Wichita, Kansas, for bed service at the regular rates and also for any extra services that may be arranged for by the attending physician. Furthermore, if the total account is not paid before dismissal, I, or we, hereby agree to arrange terms satisfactory to the Credit Department of the Wesley Hospital, when the patient is dismissed.</p> | | | | | | | |
| Date | Name | | | Address | | | |
| Witness | Name | | | Address | | | |

"The Hermitage"

(Continued from page 15)

The building, grounds and furnishings of the mansion are just as they were during Jackson's life. The bed in which Jackson lay for his final sleep, looks as though it was waiting for his return. The furnishings are the same, nothing being changed. The old silverware, the draperies, the carpets, everything is today just as "Old Hickory had them." True some of the furnishings are a little more modern as it has been necessary to provide keeping places and cases for many of the relics that have been returned to "The Hermitage." Letters that Jackson wrote in his own hand. Letters that distinguished men of this and other countries wrote to Jackson, while he lived at "The Hermitage" and while he was president. His old dueling pistols with which he avenged the insult hurled at his sainted wife by one of his enemies. All these and many other relics are to be found.

In the old coach-house, just in the rear of the building, is the old coach in which Jackson made his journeys from Nashville to Washington. The old slave quarters are in the rear of the building, the old spring house is but a short distance away.

No spot about "The Hermitage" attracts more attention than the old garden where Jackson loved to work and prepare flower beds for his beloved. The same old flowers are continued in the garden, and during the spring and summer they bloom just as "Old Hickory" had them bloom for his sainted wife. Here, amid the flowers they loved, Jackson and his wife are buried. Members of their immediate family are also buried in the garden and all sleep beneath the sheltering branches of giant magnolias that give forth their fragrance in the spring.

Thus in brief is a glimpse of the spot in which Nashville members will take their guests during their stay in "The Athens of the South" during the annual convention of the Association.

Handling Hospital Accounts

(Continued from page 20)

payments and have it explicitly understood that we will expect payments just as agreed. Someone has said "an account well opened is half collected."

We use some set forms for following our accounts, but where payments fail to arrive we use both individual letters and telephone. Where we have been unable to secure payment and feel sure that the payer is able to pay we do not hesitate to let the account go for collection to our local Retail Credit Association.

A good many people have some peculiar ideas in regard to the payment of a hospital account. One man expressed himself thus, "No use of me paying more than half of this bill, other folks don't." Especially while hospitals are under construction we over-emphasize "free service" until we are having to build a new hospital mind, a mind that will realize the necessity of honoring a hospital obligation, and caring for it as promptly as other legally contracted obligations. In following the program outlined in this article, losses on our accounts have been cut to a minimum.

When we became a member of the Local and National Retail Credit Associations almost three years ago, one keen minded business man said, "That is the most sensible move the Wesley Hospital has made up to this time." Not only do we daily receive valuable credit information from our Association, but we are privileged to send accounts for collection, which we do, after having exhausted our efforts. Our Association collected for us last year more than \$5,000.00. In my judgment no Hospital can afford to carry on its business without being a member of the Local and National Credit Associations.

REDUCED RATES FOR NASHVILLE CONVENTION

We are pleased to announce to our members that the Railroads have granted the members of our Association, their wives and dependents, a rate of Fare and One-Half for all those attending our Annual Convention at Nashville, Tennessee, June 18-21, 1929.

This rate is under the Certificate Plan. Each member must purchase a one way ticket to Nashville and secure at time of purchase, a Certificate from the ticket agent, which when validated at Nashville, will entitle you to a return ticket for one-half the usual fare, provided there are 250 persons in attendance at Convention who have these Certificates. Those traveling by automobile or on Summer Tourist tickets do not count.

Make up your mind now to attend our Convention, and remember this reduced rate applies to your wife and members of your family.

After the Judgment—What?

By N. K. MacEWEN, Collection Manager,
Business Men's Credit Ass'n. Inc., Syracuse, N. Y.

DO YOU have trouble in collecting the accounts which you sue and reduce to judgment?

Every day we hear of some firm or collection agency bemoaning the fact that they do not seem to be able to get satisfaction of judgment. Their collection machine is perfect except in this one respect and how bitterly do they weep and rant seated by the file wherein are deposited the vast horde of neat looking papers all marked "Nulla Bona."

In the light of this information and also with a desire to be of help if possible, we venture to step forth and brag a little about our success in this direction for 1928. Please read the record below, tabulating what happened to the claims we sued and we shall be glad to tell you how it is done.

| | |
|---------------------------------------|-------|
| Cases sued | 1,059 |
| Collected in full | 452 |
| Collected in part | 453 |
| Garnishees placed | 202 |
| Cars seized by levies | 127 |
| Levies on other property | 66 |
| Supplementary proceedings orders | 34 |

You will now observe that on 452 plus 453 or 905 cases our client has lost nothing through taking legal action. Also, the "collected in part" accounts are practically all active and many of them are represented by garnishees still soaking. On the supplementary proceedings cases, most of the 34 victims are either paying or still reporting to the referee at specified intervals for the third degree.

How is it done? Who is responsible, and how came such good service? There is no black magic and we have nothing up our sleeves. Neither is there any politics connected with it. The Sheriff is a Republican and our Attorney a Democrat. The Deputy who works hand in hand with our Attorney is one of those Republicans who must have come from Pennsylvania. During the

late Hoover-Smith campaign this writer took lunch with the Attorney and this Deputy every noon, sitting between them to prevent bloodshed. But, neither politics nor personalities interferes with the results turned out by this pair. The answer is work—consistent, co-operative work.

If you are not getting your judgments satisfied, first find out why before you condemn the Sheriff's office. Most of the work for an Attorney comes after the judgment is taken and unless you have a real Collection Attorney, ten to one your claims are not properly followed after judgment is recorded. Check up on him if you don't get action and find out if he has gotten out the Execution to the Sheriff. And if you know where subject is working ask the Attorney to get a Garnishee Order and Execution and see that he does it.

We have found that a Deputy Sheriff is a human being just like you and me. He has the same desires, the same likes and dislikes, and he responds to the same kind of treatment. With every execution, where it is possible, we make it a point to tell him if the defendant has an automobile or if we know of any other property. This information is communicated to the Attorney when the Executions are ready.

Also, like you and me, this Deputy appreciates being told when he does an especially good piece of work and a little material recognition now and then does not go astray. Furthermore, any expression of appreciation or sincere commendation has always produced large dividends. And so, when this Deputy calls at 5:00 p. m., saying, "I am going to make a levy tonight after supper if one of you white collar guys goes with me," we bid good bye to wives and sweethearts. When you have a Deputy Sheriff who is that interested in executing on your judgments the best bridge game in the world pales into insignificance.



"He's upstairs taking a bath" was the answer.

As a point of interest here is a list of some of the "other property" levied on during the past year: Diamond rings, several grocery stores, one waffle shop, one garage, one tire shop, on electrical store, one printing press and equipment, radios, victrolas, player pianos, one carload of junk and one saddle horse.

And here we get back to the parable which serves to illustrate what can be done when you have a man who will do it. The interpretation is strictly literal—"He went out on Execution for an automobile and came back with a saddle horse." Arriving at the scene with the intention to "levy, seize, and sell," Mr. Deputy found that the car he was looking for had been disposed of. At least that was the defendant's story and the car was not there.

Nothing daunted, and as is the usual custom with this Sheriff he began looking around for any "what have you" that might be subject to execution. In reporting to our Attorney he stated that one saddle horse was the sum total of any material satisfaction he could find on the premises. The horse was slightly lame in one extremity, sort of a flat tire effect, but he felt sure that the animal would bring enough to satisfy the judgment if his board bill at the public stables did not run too high before the sale came off. The Sheriff was right, both the judgment and the board bill were paid in full.

In another instance this Deputy tried to make demand on a certain defendant for two weeks. The subject, however, managed to evade him until one evening just before dinner time the Deputy called at the rooming house. This is what happened. The landlady very inadvertently stated that, "He is in but you can't see him."

"Why can't I see him?" queried the Sheriff.

"Because he is upstairs taking a bath," was the answer.

"That's just where I want him," and bounding upstairs he parked by the bathroom door until \$50.00 was paid. The balance came easy a short time later.

We have an exceptionally good Sheriff here in Onondaga County and this one Deputy who handles our executions is no ordinary Deputy. Granted! But both of these men took office at the beginning of 1928 and the Deputy had had absolutely no experience before. Therefore, we assume that his success is partly attributed to our co-operation and the exceptional co-operation which our Attorney gives him at all times. We back up the work of the Sheriff in every way possible and we try to show our appreciation of his services.

It is nothing more nor less than the old story of success coming through teamwork. Any collection agency or firm can improve on their legal service and the action they get from the Sheriff's Office, we believe, by following through after their claims are sued. The man with the Execution, we have found, is just as much interested in producing as you are in having him produce, but no more. To keep him interested

Turn to page 29, Please



Telephone Typewriters broadcasting information from Pittsburgh Credit Bureau

The Telephone Typewriter

enables Pittsburgh Credit Bureau to send a warning to 11 stores in 1 minute instead of 2 hours

Formerly the Pittsburgh Credit Bureau sent warnings regarding bad checks and shoplifters to the city's 11 leading department stores by messenger, an operation that required up to two hours' time.

Then these 11 stores were connected with the Bureau by Teletype... the Telephone Typewriter. Now a typist taps out the warning on a sending Teletype, and the message is instantly reproduced in typewritten form by the receiving Teletypes in the various stores.

These same machines also handle from 200 to 600 credit references daily with the utmost speed and accuracy. Previously it took the Bureau five minutes to telephone a reference to each store (as names and addresses had to be spelled out) and errors were exceedingly frequent.

Now the same reference can be sent to one or all stores in a minute's time, saving four minutes for a single store or a total of 54 minutes for the 11 stores. As the sender sees exactly what is being printed by the receiving machine, errors in transmission seldom if ever occur.

Every credit bureau, and every department store as well, should investigate the time and money-saving possibilities of Teletype... the Telephone Typewriter. Asking for further details will not obligate you in the slightest, so write today to the Teletype Corporation (formerly Morkrum-Klein-schmidt Corporation) 1400 Wrightwood Avenue, Chicago.

TELETYPE

THE TELEPHONE TYPEWRITER

Washington Bulletin, National Retail Credit Association, Feb. 1, 1929

By R. PRESTON SHEALEY, Washington Representative

FOREWORD

Every seat taken and standing room in the hall outside is the situation that one finds on approaching the rooms of the House Ways and Means Committee these days. This Committee is conducting hearings on proposed revisions of the existing Tariff Law, and the large attendance is indicative of the great interest and innumerable demands that subject has created throughout the country. When the proposition of a revision of this law was first discussed it was intended only to apply to certain schedules which it was claimed were injurious to the farmers. However, once under way it grew schedule by schedule until now insistent demands are being made for revisions upward of all the schedules, and there is the possibility that these demands may achieve their purpose. To a broad gauge protectionist this condition has its dangers because a tariff can be raised to the point where it becomes unproductive of good results, as has been demonstrated after the passage of former tariff bills. It is most probable that the wiser leaders in Congress will foresee this, and should the House pass a bill with rates extremely high, the Senate may reverse its attitude on previous tariff measures and lower certain schedules.

With the assurance of a special session, the present plan of Congress contemplates the passage of a resolution at the Republican Caucus providing for the appointment of only three committees of the House, viz., Accounts, Ways and Means and Agriculture. The Senate Committees are standing committees and hence always organized, and thus all its committees will be functioning while only the three House committees will be organized and holding hearings. Even if the House Republican Caucus

agrees to this plan, as no doubt it will, a combination of Democrats and Republicans later in the session desiring other legislation could, if they line up a majority vote, force the appointment of all the committees and consideration of general legislation.

LEGISLATION

With the close of the 70th Congress near at hand one interested in governmental affairs views with some anxiety the barriers that have cropped up to delay important legislation. While eight of the eleven appropriation bills have passed the House only two of them have become laws, the others either having been sent to conference or not having passed the Senate as yet. It is hardly probable that any of these bills will fail of passage but their consideration at this time will serve to prevent the enactment of other important measures, such as amendments to the present bankruptcy law, revision of the general contract law relating to government contracts, railroad consolidation, rivers and harbors bill, regulation of interstate motor busses on public highways and, of course, tariff revision and farm relief.

FINANCE

The monthly review of the Federal Reserve Bank of New York indicates that in the last week of 1928 the New York City banks were called upon to take over nearly \$600,000,000 in call loans in order to prevent the demoralization of the money market. This situation arose as a result of the withdrawal of loans by private individuals, firms and corporations, which class of lenders has increased greatly in recent times and will be responsible, the review says, for sudden changes in conditions and in call money rates in the future. It is believed that some legislation

will be introduced in the next Congress having for its purpose the elimination of much of the stock speculation now going on, and which is one of the principal reasons for the extensive borrowings these days. Conservative bankers do not feel, however, that this condition can be remedied by legislation and hold that it is a matter to be corrected by the individual banks themselves, through refusing many of the demands for money which they now grant.

Two bills which were recently introduced in the Senate propose amendments to the Federal Reserve Act so as to permit the payment of an additional dividend of 2 per cent annually to the stockholders of Federal Reserve Banks, and to require banks which are members of the Federal Reserve System to increase the percentage of their time deposits which they are compelled to keep on deposit with the Federal Reserve Bank of their district from 3 to 5 per cent. It is not expected that these bills will be passed upon by the present Congress.

DEPARTMENT OF COMMERCE

The Secretary of Commerce has just announced that his Department will begin immediately a scientific analysis of the records of bankrupt firms in the United States with a view to ascertaining the fundamental causes of such failures and the possible reduction thereof. The preliminary work of the investigation will be conducted as a part of the study now under way to determine the causes of numerous grocery bankruptcies in Louisville, Ky. So far this study has revealed that out of a total of 1,200 such retail stores in the city one per day closes its doors because of failure. At the same time it appears that about 32 new stores open up each month.

Dr. Julius Klein, director of the Bureau of Foreign and Domestic Commerce, has recently issued a statement in which he announced that despite the competition of chain stores the Department feels that the independent grocer has a definite, enduring place in the distribution of foodstuffs. The advantages which the independent grocer has over the chain store are those of freedom of action, intimate familiarity with the individual preferences of his customers, and, in general, the virtues of ready adaptability and warm human responsiveness. However, if he is to maintain his place successfully, the average grocer must know precisely the conditions that govern his operations; he must know what he has—what he is doing, and why—and what he needs to do. And, on the basis of this clear knowledge, he must introduce or perfect commercial practices of the most rigorous efficiency, conducting his business in accordance with modern economical methods of buying and selling.

FEDERAL TRADE COMMISSION

In a preliminary report on the inquiry that has been conducted upon the question of resale price maintenance, the Commission has announced that the retailers are in favor of resale price maintenance by a large majority, although the chain and department stores are decisively opposed to it. Manufacturers, particularly those making trademarked goods, are decisively in favor of it, and wholesalers were found to be more strongly for it than any of the above groups. The consumers were reported as being opposed to it by a large majority. The present report deals chiefly with (1) the examination of existing laws and public policy with regard to resale price maintenance, including some comparisons of the law and policy in this country with those of other nations, and (2) analysis of data regarding the experience and the opinions of various interested classes with regard to the subject with indications of the reasons and motives for various

practices relating to this question. The next report will deal with the development and analysis of pertinent facts of a quantitative or statistical nature based on actual business results of dealing in trademarked or otherwise identified products.

In a recent stipulation joined in by 250 individuals, firms, partnerships and corporations engaged in the retail drug business, the Commission was assured that they will cease and desist from attempting to maintain resale prices by such means as coercion, intimidation, boycott, issuance of "courtesy cards" or publications of bulletins or trade papers showing lists of manufacturers, makers or vendors, to whom "courtesy cards" have been issued.

A manufacturer has entered into a stipulation whereby he agreed to discontinue the misrepresentation of the regular year-around price of his product as being a "Special 60-Day Offer" and as "Good for a Limited Time Only."

DEPARTMENT OF AGRICULTURE

The Secretary of Agriculture has been authorized by a recent Act of Congress to collect and publish statistics of the quantity of leaf tobacco in all forms in the United States in the possession of dealers, manufacturers, growers' co-operative associations, warehousemen, brokers, holders, or owners, other than the original growers. The statistics shall show the quantity of tobacco in such detail as to types and groups of grades as the Secretary shall deem to be practical and necessary for the purpose of the Act. There is a provision, however, which eliminates from being required to furnish statistics manufacturers who, in the preceding calendar year, manufactured less than 50,000 pounds of tobacco; manufacturers of cigars who manufactured less than 250,000 cigars; manufacturers of cigarettes who manufactured less than 1,000,000 cigarettes, or any dealer in leaf tobacco who, on the average had less than 50,000 pounds in stock at the

ends of the four quarters of the preceding calendar year.

INTERSTATE COMMERCE COMMISSION

Recommendations of the Commission have just been sent to the House Commerce Committee with reference to the bill introduced by Representative Parker to regulate motor busses operating in interstate commerce. While some of the recommendations merely deal with minor changes clarifying the language of the bill, others include important suggestions such as designating as specifically as possible the discretion to be exercised in determining whether public convenience and necessity require operation of a motor passenger line between points already adequately served by other means of transportation, and the inclusion of a provision for filing complaints against fares, charges or services, and hearings before state boards or commissions which granted certificates to the motor carriers against which complaints are made. It is not believed that sufficient time remains in this Session for the proper consideration and passage by Congress of this bill.

As explained in a previous bulletin the railroads of the country plan to operate themselves the express business now conducted by the American Railway Express Company. Recently the Commission held a hearing on this matter at which the carriers explained their plan. Under the proposed arrangement the share of the net income from the express business which has heretofore been reserved for the compensation of the express company will be divided among the railroad companies. The basis of the division will be the proportion of the gross express revenue of the contract railroad, including in the case of each railroad, first, the whole revenue from express traffic local to its lines, and second, its share of the revenue on through express shipments in which it participates, prorated on the basis of the local first-class express rates

Turn to page 32, please

Flashes

From the National Office

FRANK BATTY HONORED

At the annual meeting of the Associated Retail Credit Men of San Francisco, unusual honor was paid to Mr. Frank Batty, Credit Manager of Hale Brothers, Inc., who had served the Association for three successive years as President.

That the members fully appreciated the time and effort Mr. Batty had devoted to the Association activities, was indicated by National Director E. J. Dollard, who on behalf of the Association, presented Mr. Batty with a beautiful set of "Little Journeys" by Elbert Hubbard.

Mr. Batty is a great reader. He loves the higher ideals of life which might evolve from a peaceful smoke and a good book. So he was highly pleased with these tokens of friendship, and now that he has been relieved of the responsibility of managing his Local, the National hopes to have a claim on his spare moments, as he has become, within the past two years, a recognized leader in all things relating to Better Credit.

SEATTLE HAS YEAR 'ROUND PAY PROMPT CAMPAIGN

The Retail Credit Association of Seattle, Washington, have inaugurated a year 'round Pay Prompt Campaign, using a space of 17 in. five columns wide every other Thursday in their daily papers. Two hundred merchants are co-operating and the cost is about \$5,000.00.

The campaign has been in effect for several months, and results in the form of increased collections are reported by the Merchants.

Seattle believes "It Pays to Advertise."

The Chamber of Commerce of St. Louis have honored National Manager-Treasurer Woodlock by appointment to the Metropolitan

Committee of their city, one of the most important Committees of the Chamber.

NATIONAL COMMITTEE MEET IN ST. LOUIS

The Re-Finance Committee appointed by the Board of Directors at Kansas City last June, met in St. Louis January 14-15-16.

Those present were Sidney Blandford of Boston, Chairman, J. R. Hewitt of Baltimore, National President, A. D. McMullen of Oklahoma City, Chairman of the Service Department, Giles Driver of Cleveland, J. W. Mehling of Baltimore, Frank Parker of Detroit, A. J. Kruse of St. Louis, National Secretary Guy H. Hulse, and Manager-Treasurer D. J. Woodlock.

A plan for increasing the membership and developing the activities of the National Association was adopted for presentation to the National Convention at Nashville June 18 to 21, 1929.

The Committee sessions opened at 9:30 each morning and worked through until six o'clock, with an hour for Luncheon. On the evening of Tuesday, January 15, the Committee were the guests of the St. Louis Retail Credit Association, at a Dinner at the Chase Hotel.

JEFFREY NOW PRESIDENT

Harry Jeffrey, Credit Manager of The Emporium, San Francisco, has been elected President of the Associated Retail Credit Men of San Francisco, one of the most progressive organizations in the National body.

A WIDER FIELD FOR BETTER TRAINED MEN

At the Second Annual Meeting of the American Association for Adult Education, held in Cleveland, Ohio, in May, 1927, Mr. Sam Lewi-

sohn, Chairman of the Board of the American Management Association, made a strong appeal for the active participation of business executives in the adult education movement. Mr. Lewisohn said in part:

"There is no more important matter than the proper education of executives to understand their jobs from an administrative, from a psychological, and from a sociological point of view. These men are the tribal leaders, the knights-at-arms, the sea captains, of today. We want them appreciative of art and ideas, but in terms of social happiness it is even more important that executives be prepared to understand the psychological and human problems involved in the organization of men for work...."

Chicago Collections

Should be sent to the

Credit Service Corporation

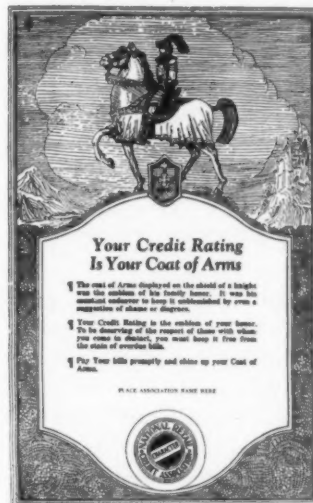
Collection Department of the Chicago Credit Bureau, Inc., and Credit Reference Exchange, Inc.

The Official Credit Reporting Service of the Associated Retail Credit Men of Chicago

35 So. Dearborn St.
Chicago, Ill.

Telephone, Randolph 2400

Credit Reports Collections



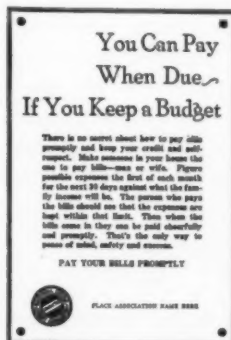
PERSISTENCY WINS!

The National Pay Prompt Campaigns of over three hundred local units of the N.R.C.A. DID INCREASE COLLECTIONS.

Don't let up—keep the idea constantly before the public by using the copy prepared by our Pay Prompt Committee.

A campaign covering the entire year has been developed and put on newspaper mats ready for printing. The cost to members is simply price of mat. Write for sample copy and complete information. See how easy it is to conduct Pay Prompt Campaigns.

NATIONAL RETAIL CREDIT ASSOCIATION St. Louis



"The main difficulty today is not with labor. It is the executive who is naturally the key man in employer-employee relations. If he is a narrow, dehumanized specialist, interested only in the reactions of inorganic matter, he will probably make a mess of the baffling human problems of social organization which an industrial unit presents

.....

"The educational contacts provided for men in advanced business life through their professional and business associations take some of the archaic elements out of their thinking..... The professional and business associations are, in a way, to be regarded as extension universities for the men who have 'come through,' who really control, and who have the experience to absorb the new ideas that may be placed before them.....

"It is well to call attention to the fact that properly trained executives can do much in turn to train and develop subordinates all the way down the line. The competency or incompetency of management to think, lead and educate others will have a profound influence in molding the lives and personalities of the workers in their establishments. Thus the proper education of executives and managers has a very wide social significance."—The Executives Service Bulletin.

THE TRI-STATE CONFERENCE, TOLEDO, FEBRUARY 11-12

The Conference of Retail Credit Managers of Michigan, Ohio, and Indiana was held in Toledo, Ohio, February 11 and 12, at the Commodore Perry Hotel. It was one of the best Conferences of the year.

Willard T. Warren, Credit Manager of Grinnell Brothers was Chairman, and kept the highly instructive program moving on schedule. National Manager-Treasurer Woodlock acted as quiz master.

CLEVELAND HAS BIG MEETING

The Retail Credit Managers of Cleveland held a big meeting on February 13, Manager-Treasurer Woodlock being the principal speaker.

As usual Cleveland had a large attendance, and the meeting was most interesting.

A WORTH WHILE EDITORIAL FROM THE MEMPHIS COMMERCIAL APPEAL

"Some persons regard credit as the equivalent of charity. It is intended as an accommodation and a courtesy.

The value of an account is not so much the amount purchased as the promptness with which it is settled.

So-called reliable persons are the ones most difficult for the merchants to handle. Many of them feel because they are responsible, payments may be delayed to suit their own convenience.

Paying promptly, whether it be debts or taxes, is one of the essentials of good citizenship."

NEW YORK STATE CONFERENCE

The Conference of Credit Managers of New York State, members of the National Retail Credit Association, will be held at the Hotel Pennsylvania, New York City, February 18 and 19, 1929.

The Committee in charge, headed by John M. Connolly, Chairman, promise two days of genuine interest and lively educational features, not an idle moment, topped off with a Dinner Dance on the evening of February 19, at which will be provided entertainment to "Make dull care fold its tent and steal away."

Every Credit Manager in the "Empire" State should attend this meeting of live wires.

COLUMBIA REGIONAL CONFERENCE

The Credit Bureau executives of Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia and Washington, D. C., will meet in Washington, D. C., Monday and Tuesday, February 18 and 19, at the Mayflower Hotel. The ses-

sions will be held in the Italian Garden, and a large gathering is expected.

Mr. A. B. Buckeridge of Pittsburgh is President of the Conference, Mr. R. G. Trosper of Bluefield, W. Virginia, Secretary, and Mr. Steve Talkes, of Washington, D. C., Chairman and L. S. Grigsby of Washington, Vice Chairman, of the Committee on arrangements.

Will Rogers says the solution of the Farm Question is for the Farmers to buy a seat in the New York Stock Exchange. There is more Truth than Jest back of this thought.

Experts say it is the first four lines of a letter that count. This is food for thought for Credit and Collection Managers. Let us make them short, but not "snappy." Be sincere and frank, and come to your point at once. People do not like to read long letters.

Turn to page 32, please

Your Collections

...in...

Detroit

Will receive the best attention possible if sent to

The Merchants Credit Bureau, Inc.

The largest collection department in the city devoted exclusively to RETAIL ACCOUNTS.

The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

Rates Reasonable
Safety Assured

Address:

MERCHANTS BLDG.
206 E. Grand River Avenue

Today in Retail Lumber Credits

(Continued from page 10)

been large if the long list of liens for labor which have gone on these jobs, is anything to judge by. I dare say this particular builder had stolen more from this one operation than he could have earned at his trade in fifteen years, and the lumberman or lumbermen who furnished materials will probably go on the business mortality list sooner or later from the effects of this one operation.

Here again is evidence which should make every lumber dealer or building supply man refuse to deliver materials to a job financed by a money lender, unless he receives beforehand a written guarantee of payment from the money lender himself. This guarantee of course would be only as good as the money lender himself is.

In the larger cities the apartment house situation has been for several months, and is at the present time, and in some cities will become a very serious proposition. The sale of materials into an apartment house seems to be very enticing because any one job will probably run about \$25,000 up in materials.

It is almost the rule that an apartment house is constructed by a corporation. This corporation usually consists of a builder and two other relatives, their actual working capital of a very small amount. The corporation arranges for a building loan of \$100,000, \$150,000 or \$200,000, according to the size of the job and the ease with which the idea can be sold to some so-called financing or capital corporation.

APARTMENT HOUSE BUILDERS NEED SPECIAL WATCHING

And then the party starts. The builder immediately considers himself to be worth weekly anywhere from \$75 to \$125. The other two relatives are also worth on the payroll from one and one-half to two and one-half times as much as they could ever earn in any other way. If there are less than two dummies on the payroll it would be a surprise. The money lender prepares a schedule of advances and as each stage of construction so scheduled is arrived at, he advances large sums in cash. The builder himself, if he does not already know the game, soon learns that by deft stalling and small payments he can fool material men and sub-contractors. And thus the party goes on. Out of each advance he gets his good portion first and pays out just as little as possible to the rest. When the job is finally completed, he finds that his first mortgage will probably not quite pay out the temporary loan, and therefore the creditors will all get their pay out of the proceeds of the second mortgage.

If at this point, that is before the second mortgage is placed, the creditors should hold a get-together, they would no doubt find that the total obligations of all creditors plus the unpaid amount still due on the temporary loan will probably be at least twice if not more, than the net proceeds of a reasonable second mort-

gage, which means that for 50 per cent of the open accounts, creditors will have to take position behind a first and second mortgage and will have to take their money in small pro-rata amounts out of the earnings of the building. One experienced apartment house builder aptly terms the manner of payment of this last 50 per cent as "slow consumption."

If a little further investigation is made into the home life of the contractor, it will be found that he has probably purchased a new house during the time the apartment house was being erected (in some relative's name), that he has almost 100 per cent new and modern furniture in that house, rather good rugs on the floor, and the latest style radio, and if anyone in his family can tinkle a few notes on a piano, you will probably find a baby grand piano there too. Thus the apartment house has taken pretty good care of the contractor's family.

DEALER MUST PROTECT HIMSELF ON CREDIT

Viewing the credit situation in the retail lumber and building supply business as a whole, I would say without question that the time has come where the dealer must protect himself absolutely on the question of credits. It will probably be called rather severe treatment, but I would say that accounts of speculative builders should be paid on the tenth of each month, and upon failure to do so, delivery should stop and collection of the account pushed.

This drastic attitude will without a doubt cut volume tremendously for a time, but when twelve months have passed around, the retail lumber and building supply business will find itself on a good sound substantial footing with practically all the business that comes to it of a very healthy nature.

Reprinted with permission from The Lumber Co-Operator.

After the Judgment—What?

(Continued from page 23)

you must keep up your own interest and this is only natural.

If your collection department is composed of "go getters" who in turn can inspire your attorney to keep stepping on the sued claims then, in all probability, the Deputy Sheriff handling your executions will be the kind of a man who goes out after an automobile and comes back with a saddle horse.

THE POWER OF WOMAN

Retail Credit Managers will do well to cater to the patronage of women. Consider these facts from Department of Commerce statistics:

85% of the Ultimate Consumer buying of the country is done by Women.

65% of all MEN'S hosiery is purchased by Women.

62% of all MEN'S neckwear is purchased by Women.

It would appear the part man plays in the purchase of merchandise at Retail is very small and Women are the great sales appeal for all classes of Retailers.

DAVE.

Building Prospect List

(Continued from page 12)

people residing in outlying suburbs or towns that properly belong to your trade territory. Some stores find it pays to have "special correspondents," who through their intimate knowledge of their immediate localities can make up accurate prospect lists and, in addition, make periodical reports of forthcoming marriages and so on.

Then, of course, there are always the mailing list houses. In every city of any size there's at least one firm that makes a business of building prospect lists. Such firms usually have access to name sources and so are worth considering.

And don't overlook your present charge customers! "A satisfied customer is the best advertisement." The average customer could (and probably would if asked) suggest the names of five good prospects offhand.

That would mean 5,000 prospects for every 1,000 customers! Worth while, isn't it?

Now, a word of caution! Don't use mailing lists indiscriminately. Don't broadcast charge account invitations to your present charge customers and to past customers that you had to "close out."

Before you use any mailing list, check it against your active accounts and (Safety First) against your transfer ledger or your list of accounts closed and charged-off.

To twist an old proverb: "A check-up in time may save nine!"

WHAT IS A CUSTOMER WORTH TO YOU?

"Eighty-five per cent of the average business comes from old customers," Homer Buckley (former president of the International Advertising Association) told the recent Retail Dry Goods Association Convention.

"The value of a customer to a department store," said Mr. Buckley, "is \$362 a year; to a cloak and suit and specialty shop \$236; to a furniture store \$87; and to a shoe store \$68, depending on the size of the family."

If these figures are right—and if eighty-five per cent of business comes from old customers—isn't intensive cultivation of old customers decidedly worth while for the retail store?

New customers are necessary to the growth of any business. But let's remember the old adage: "A bird in the hand is worth two in the bush."

Let's try to keep old customers, too—and let's not forget our inactive accounts! Considering the cost of putting an account on the books (usually estimated at \$10.00) and the annual value of an active account, isn't an account worth just as much effort *after* you get it as it was before?

Isn't it really a business crime that thousands of customers are allowed to drift away every year, usually without any effort being made to find out why or to bring them back?

The recent Better Letters survey brought out some startling facts:

Inactive accounts averaged over 43% of total accounts, some stores reporting *more inactive than active accounts*. In other words, for every active account in the average retail store there's also an inactive account—the stalking spectre of a lost customer.

Let's put more effort into holding our present customers and let's try to retrieve the inactive ones—by letter and by telephone, by personal calls if necessary.

CREDIT BUREAU MANAGEMENT

We carry in stock Mr. Truesdale's book, "Credit Bureau Management," the only text book ever written treating the subject of Retail Credit Bureaus in its entirety. The price is \$3.00 per copy, and it should be on the desk of every Bureau Manager and Chamber of Commerce Secretary.

NATIONAL RETAIL CREDIT ASSN.

St. Louis.

A BARGAIN

We have on hand fifty of our old Four Point Collection systems in book form, the letters being printed on the letterhead of the Retail Credit Men's National Association (before the change in our name).

These systems secured wonderful results. In fact their success caused us to create the new system and the change in name is of little consequence, as far as pulling power is concerned.

We are anxious to dispose of these systems, the regular price of which was \$10.00, and will fill orders FROM MEMBERS ONLY, subject to stock on hand, for \$2.00 per system; just enough to cover handling, wrapping and postage.

In ordering mention this special offer, so we will know you desire an old system.

NATIONAL RETAIL CREDIT ASSN.

St. Louis.



Register Now!



for

The Seventeenth Annual Convention

of

National Retail Credit Association

at

Nashville, Tenn., June 18-19-20-21

Register Now—Avoid Confusion

Mail to Registration Committee, 606 Equitable Bldg., St. Louis, Mo.

REGISTER AS FOLLOWS

Date.....

Member's Name

Firm Name

Address City State

Group Conference

(Indicate here what conference you desire to attend, as Dept. Store, Hardware, Clothing, Etc.)

Guests Accompanying

HOTEL RESERVATIONS

Hotel..... —Single or Double Room—

With or Without Bath Rate \$.....

Signed.....

Will Arrive.....

Registration Fee, \$10.00, Including Ticket For Banquet

HERMITAGE HOTEL

Single \$2.50, 3.00, 3.50, 4.00, 5.00
Double, \$4.00, 4.50, 5.00, 6.00, 7.00

SAM DAVIS HOTEL

Single, \$2.50—Double, \$4.00

ANDREW JACKSON HOTEL

Single \$2.50, 3.00, 3.50, 4.00, 5.00
Double, \$4.00, 4.50, 5.00, 6.00, 7.00

Washington Bulletin

(Continued from page 25)

per 100 pounds. This proportion is applied to the net income of the group resulting from the whole group revenue of the expenses of the group. In other words, the expenses are dealt with on a group basis, since they cannot possibly be allocated to the several lines, and whatever pooling aspect is found in this arrangement results solely from the necessary treatment of expenses on a group basis.

RECENT DECISIONS

The United States District Court of Maryland has ruled, in deciding a case involving a bankrupt estate, that chattel mortgages which give the mortgagee the right to dispose of his merchandise and substitute for the portions sold merchandise bought on credit are invalid. Thus this decision denies the extension of liens to goods purchased on credit.

The Supreme Court has held in a late case that a judgment creditor could have execution on his judgment against the property of the judgment debtor in the hands of a receiver who had been appointed by a State court in proceedings adjudging the debtor insolvent. This ruling was based on the ground that the State laws relating to insolvency have been superseded and suspended by the National Bankruptcy Act.

The Supreme Court has just handed down a decision upholding the judgments of lower courts wherein bankrupts were held in contempt for failing to comply with turnover orders when the courts discredited the excuses offered for failure to comply with the orders. The Supreme Court held that a turnover order cannot be collaterally attacked by retrial of issue of inability to comply, since the only evidence that can be considered on motion for commitment is evidence of something that has happened since the turnover order was made showing there has newly arisen an inability on part of the bankrupt to comply with the turnover.

Flashes

(Continued from page 28)

The North Central Division Regional Conference will be held in St. Paul, Minn., Lowry Hotel, Feb. 18 and 19. This conference includes Minnesota, North and South Dakota and Wisconsin and has a record for attendance and educational features. Following is the program:

9:20—Invocation, Reverend Sainsbury, St. Paul, Minn.
9:30—Welcome to St. Paul, Mayor Hodgson.
9:40—Appointment of Committees.

10:00—"Creating a Desire to Pay Promptly," Milton Solon, Dayton Company, Minneapolis.

10:30—General Discussion on Above Subject.

10:40—Skit, Demonstrating "Opening of Account for Various Types of Customers," Minneapolis Credit Association.

11:30—"Extension Education in Credits," Mr. Spears, University of Minnesota.

12:00—Announcement of Program for Afternoon Session.

AFTERNOON PROGRAM

2:00—Demonstration of "Examining Debtor Under Supplementary Proceedings"—E. B. Dows, Attorney, Minneapolis Credit Rating Exchange, Kirk Holms, Minneapolis.

2:30—"When to Place an Account for Collection," W. B. Brinkman, Credit Manager, Geo. A. Gray Co., Duluth, Minn.

2:40—Ten Minute Discussion on Above Address.

3:00—"The Credit Bureau and the Merchant."

3:40—Discussion.

Recess for Amusement to be Planned by Entertainment Committee.

TUESDAY

10:00—Debate:

Question: "Resolved That All Printed Inquiries should be granted through the Credit Exchange."

Affirmative: George Fairley, Duluth Credit Rating Ex.

Negative: Pat Carr, Standard Clothing Co., Minneapolis.

10:40—Discussion.

11:00—"The Credit Department as the Merchant Views It," A. D. Goldsmith, V. P. and Gen. Mgr., The Emporium, St. Paul.

11:30—Skit, "Demonstrating the Manner of Adjusting Complaints," St. Paul Credit Assn.

Adjustment Manager (part taken by) H. G. Clemens, Golden Rule, St. Paul.

Announcement for Afternoon Program.

Recess until 2:00.

2:00—Demonstration Skit, "The Credit Man and His Superior," Duluth Credit Assn.

2:30—General Quiz Based on Printed Questioner.

Quiz to be conducted by David Woodlock, Secretary National Association.

4:00—Business. Reports, Election of Officers. Invitation for Convention for 1930.

TUESDAY EVENING

Banquet, for all Delegates.

Speaker of the evening, Governor Christianson.

Entertainment.

FOR SALE

Well established Merchant's Credit Exchange in good live town 6,000 population. Merchants doing large credit business. Plenty collections. Exceptional opportunity. Priced right. For information address S. Z. Stewart, 405 North 13th Street, Lawrenceville, Illinois.

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